

## Message Text

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12

ACTION ARA-10

INFO OCT-01 SS-14 ISO-00 NSC-07 NSCE-00 EB-03 L-02 CIAE-00

INR-11 NSAE-00 RSC-01 COME-00 TRSE-00 SP-02 INT-01

GSA-01 STR-01 OPIC-02 CIEP-01 OMB-01 DRC-01 /059 W

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R 202020Z SEP 74

FM AMEMBASSY SANTO DOMINGO

TO SECSTATE WASHDC 1521

INFO AMEMBASSY PORT AU PRINCE

AMCONSUL PARAMARIBO

AMEMBASSY KINGSTON

C O N F I D E N T I A L SANTO DOMINGO 3879

LIMDIS

E.O. 11652: N/A

TAGS: EMIN, EFIN, EIND, DR

SUBJECT: ALCOA BAUXITE NEGOTIATIONS

REF : SD 3671

1. ALCOA REP HUGHSON CAME BY YESTERDAY TO INFORM AMBASSADOR OF FOLLOWING: HE MET WITH PRESIDENT BALAGUER ON SEPT 16 TO (A) PROVIDE BALAGUER WITH DATA DEMONSTRATING THAT ALCOA'S LAST OFFER INDEED SIGNIFIED DOUBLING OF GODR INCOME FROM BAUXITE EXPORTS; (C) EXPLAIN NEED FOR TWO-THREE MONTH DELAY IN NEGOTIATIONS; (C) OFFER TO EXPLORE OVER TWO-YEAR PERIOD JOINTLY WITH GODR (WITH ADDED POSSIBILITY OF PARTICIPATION OF SANTIAGO UNIVERSITY MADRE Y MAESTRA) OTHER POSSIBLE BAUXITE RESERVES IN DOMREP AT COST TO ALCOA IN NEIGHBORHOOD OF ONE MILLION DOLLARS, AND (D) OFFER EFFECTIVE RETROACTIVE DATE OF APRIL 1, 1974 FOR ANY NEW AGREEMENT (AS COMPARED TO JULY 1, 1974 IN LAST ALCOA OFFER).

2. ACCORDING HUGHSON, PRESIDENT BALAGUER (A) PERUSED DATA AND AGREED ALCOA LAST OFFER SIGNIFIED DOUBLING INCOME;  
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(B) FOUND REQUEST FOR DELAY REASONABLE AND ACQUIESCED; AND

(C) TOLD HUGHSON THAT WHEN FINANCE SECRETARY SELIMAN AND CEDOPEX HEAD PERICHE (BOTH MEMBERS BAUXITE NEGOTIATING COMMISSION) HAD URGED PRESIDENT SEPT 13 TO PROCEED LEGISLATIVE ROUTE, PRESIDENT HAD FIRMLY TOLD THEM THAT HE WAS HANDLING NEGOTIATIONS HENCEFORTH AND THAT HE DID NOT WISH TO PRESSURE ALCOA, HENCE NO LEGISLATION.

3. HUGHSON FURTHER INFORMED THAT WHEN HE REPORTED TO PITTSBURGH BY PHONE THAT HE HAD MET WITH PRESIDENT, PITTSBURGH ASKED HIM, TO HIS CONSTERNATION, WHETHER HE HAD NEGOTIATIONS WRAPPED UP. WHEN HUGHSON COUNTERED THAT HIS INSTRUCTIONS HAD BEEN TO SEEK DELAY, IT BECAME EVIDENT, ACCORDING TO HUGHSON, THAT HEADQUARTERS AND THE FIELD WERE OSCILLATING OUT OF PHASE. HUGHSON IS LEAVING FOR PITTSBURGH TO DISCUSS THE SITUATION WITH CHAIRMAN JOHN HARPER AND PRESIDENT KROME GEORGE, AMONG OTHERS.

4. COMMENT: IF INDEED ALCOA NOW INTERESTED IN SEEKING EARLY TERMINATION NEGOTIATIONS, IT IS IMPERATIVE THAT A NEW, SOMEWHAT HIGHER OFFER (STILL WELL BELOW THE JAMAICAN FORMULA) BE MADE IN ORDER TO PLACE BALAGUER IN POSITION TO DEMONSTRATE TO NEGOTIATING TEAM HE IS MUCH BETTER NEGOTIATOR (A LORDLY POSITION HE ENJOYS IMMENSELY). IF BALAGUER CAN SHOW HE OBTAINED GREATER INCOME AS WELL AS THE EARLIER RETROACTIVE DATE AND THE OFFER TO ENGAGE IN FURTHER BAUXITE EXPLORATION HE HAS SECURED ALREADY, IT WOULD SEEM FROM THIS VANTAGE POINT THAT ALCOA HAS THE MAKINGS OF A DEAL. SHOULD ALCOA FAIL TO MAKE A NEW OFFER, IT RISKS EMBARRASSING THE PRESIDENT WHO IS PROBABLY THE MOST REASONABLE (THOUGH SHREWD) NEGOTIATOR IT IS LIKELY TO ENCOUNTER HERE AND WHO IN THE FINAL ANALYSIS MUST APPROVE THE TERMS OF ANY NEW CONTRACT ULTIMATELY REACHED. SUCH EMBARRASSMENT COULD RESULT IN DOMREP FALLING IN WITH THE OTHERS AT THE FORTHCOMING MEETING OF BAUXITE PRODUCERS, WHICH WE NOW UNDERSTAND HAS BEEN POSTPONED UNTIL NOVEMBER TO PROVIDE TIME TO PERSUADE AUSTRALIA TO JOIN THE PRODUCERS' GROUP.

5. ACTION REQUESTED: TO EXTENT DEPT DEEMS ADVISABLE, BELIEVE THAT ALCOA HEADQUARTERS SHOULD BE ADVISED OF FOREGOING COMMENT WHICH IS SUPPORTIVE OF POSITION HUGHSON WILL BE TAKING WITH HIS SUPERVISORS. IN SHORT, WE AGREE WITH DEPT THAT NOW IS CONFIDENTIAL

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TIME FOR A LITTLE IMAGINATION ON ALCOA'S PART.  
HURWITCH

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NNN

## Message Attributes

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**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
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**Subject:** ALCOA BAUXITE NEGOTIATIONS  
**TAGS:** EMIN, EFIN, EIND, DR, ALCOA, (HUGHSON)  
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